

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 AID-20 ACDA-19 OMB-01 COME-00

TRSE-00 IGA-02 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

SCEM-02 INT-08 RSR-01 CU-04 /150 W

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R 151419 Z JUN 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 222

C O N F I D E N T I A L CARACAS 5176

E. O. 11652 GDS

TAGS: PFOR VE

SUBJECT: FY 74-75 VENEZUELA CASP

REF: STATE 111113

1. FOLLOWING ARE COUNTRY TEAM'S COMMENTS ON PRE- IG'S PROPOSED CHANGES, ADDITIONS, AND COMMENTS:

2. PARA FOUR - NO PROBLEMS WITH PRE- IG CONSENSUS ON FMS CREDIT LEVELS. HOWEVER, OUR PROPOSED LEVELS OF \$20 MILLION FOR EACH YEAR WERE IN ACCORD WITH FIGURES GIVEN IN STATE 012309 DATED JAN 24, 1973.

3. PARA FIVE (A) - CONCUR WITH CHANGE.

4. PARA FIVE (B) - CONCUR WITH CHANGE.

5. PARA FIVE (C) - IN LIEU OF PHRASE " VENEZUELA'S READINESS TO ACCORD SIMILAR BENEFITS FOR NEW CONVENTIONAL OIL MIGHT LEAD TO EXPLORATION AND..." WE PREFER: " SUCCESSFUL NEGOTIATION OF AN AGREEMENT TO DEVELOP THE ORINOCO PETROLIFEROUS BELT WOULD BE LIKELY TO ENCOURAGE VENEZUELA TO CREATE FAVORABLE TERMS FOR..."

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6. PARA SIX (A) - AGREE WITH DEPARTMENT' S POSITION - - THAT POINT 4 ,
UNDER ISSUE 3 ON PAGE 10 IS VERY RELEVANT AND SHOULD NOT BE DELETED.
VENEZUELAN GOVERNMENT HAS BEFORE CONGRESS EXPORT INCENTIVES BILL
WHICH WOULD PROVIDE DIRECT SUBSIDIES FOR VENEZUELAN EXPORTS, WHICH
COULD REQUIRE US IMPOSING COUNTERVAILING DUTIES. THESE INCENTIVES
PROBABLY WOULD BE IN VIOLATION OF GATT, OF WHICH VENEZUELA IS
SERIOUSLY CONSIDERING BECOMING A MEMBER.

7. PARA SIX (B) - WE HAVE RECEIVED NO INDICATION THAT VENEZUELA IS
CONSIDERING GRANTING IMPORT PREFERENCES TO THIRD COUNTRIES (
OUTSIDE
REGIONAL ARRANGEMENTS), AND, THEREFORE, BELIEVE SUGGESTED
LANGUAGE
IS SUPERFLUOUS AND SHOULD NOT BE INCLUDED. IT IS UNDERSTOOD THAT IN
EVENT OF VIOLATION OF TERMS OF EXCHANGE OF NOTES OF JUNE 26 , 1972
WE WOULD TAKE ACTION TO PROTECT OUR RIGHTS.

8. PARA SEVEN - WE DISSENT FROM IMPLICATION THAT THE COUNTRY TEAM
IS " ANOTHER AGENCY" APART FROM ITS OTHER ELEMENTS WHICH INCLUDE
MILGP
AND DAO. HOWEVER, IF INTENT OF THIS PARAGRAPH MEU THAT ADDITIONAL
ELEMENTS OF COUNTRY TEAM, I. E., STATE AND USIS, WOULD ASSIST IN
CARRYING OUT OBJECTIVE A.2, WE CONCUR. WITH REGARD TO ADDITIONAL
COURSES OF ACTION WHICH PRE- IG SUGGESTS CT EFFORT COULD INCLUDE,
WE
DOUBT THAT JUNIOR MILITARY OFFICERS WOULD BE CONSIDERED FOR LEADER
GRANTS, THOUGH OTHER CU EXCHANGES MIGHT BE FEASIBLE. JUNIOR
OFFICERS
CAN CERTAINLY BE INCLUDED IN BOOK AND OTHER PUBLICATIONS PROGRAMS.
HOWEVER, WITH REGARD TO " WAR COLLEGE SEMINARS ," WE PRESUME
PRE- IB IS REFERRING NOT TO US SERVICE COLLEGES, BUT TO A PREVIOUS
CU SUGGESTION THAT INSTITUTO DE ALTOS ESTUDIOS EN LA DEFENSA
NACIONAL
(IAEDEN) MIGHT SPONSOR SEMINARS WHICH US OFFICERS WOULD ATTEND.
IAEDEN DIRECTORS DO NOT FAVOR SUCH ACTIVITIES BECAUSE OF POLITICAL
SENSITIVITIES. GIVEN IAEDEN' S POSITION, CT DOES NOT FEEL WE SHOULD
PRESS MATTER, ESPECIALLY DURING ELECTION YEAR.

9. PARA EIGHT - WE HAVE ALREADY ACCEPTED CU PLANNING LEVEL FOR FY 74,
I. E., \$150,000 PLUS \$7,000 FOR WASHINGTON- FUNDED CULTURAL
PRESENTATIONS . FUNDING BY COURSE OF ACTION AS FOLLOWS:
PAGE 46, COA A-1-2 - \$60,000; COA B-1- 1 - \$23,000; COA C-1-1 -
\$7,000; COA C-1-3 - \$62,000. PAGE 54, COA A-3-1 - \$5,000. HOWEVER,
WITH REGARD TO FY 75 WE STRONGLY BELIEVE HIGHER LEVEL OF
\$210,000 (INCLUDING \$7,000 FOR WASHINGTON- FUNDED CULTURAL
PRESENTATIONS) IS JUSTIFIED, SINCE THERE WILL BE GREATER
OPPORTUNITY TO ACHIEVE IMPACT AS NEW ADMINISTRATION SETTLES
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INFO OFFICE AND NEW LEADERS EMERGE. TERMINATION OF BILATERAL AID ASSISTANCE ALSO CONSTITUTES REASON FOR CU PROGRAM EXPANSION. (SEE USIS CPP DATED MAY 1, 1973 FOR DETAILED JUSTIFICATION.) REVISED FY 75 FUNDING BREAKDOWN FOLLOWS: PAGE 47, COA A-1-2 -\$70,000; COA B-1-1 -\$30,000; COA C-1-1 -\$7,000; COA C-1-3 -\$98,000. PAGE 55, COA A-3-1 - \$5,000.

10. PARA NINE (A) - APART FROM PUBLIC SAFETY (INCLUDING NARCOTICS), A ND POSSIBLY DIRECT AID TO CODESUR WHICH COULD BE FINANCED FROM WASHINGTON, WE CONCUR THAT ALL DIRECT BILATERAL AID ASSISTANCE SHOULD BE PHASED OUT AS SOON AS POSSIBLE, WITH JAN 1, 1974 AS IRREVOCABLE TARGET DATE. MY OBJECTIVE, IT SHOULD NOW BE CLEAR, IS THAT THERE WILL BE NO REPEAT NO AID ACTIVITIES IN CARACAS AFTER JANUARY 1, 1974. AS FOR PUBLIC SAFETY, I AM INFORMED THAT THEY ARE ALREADY PAID OUT OF WASHINGTON AND THAT IF PUBLIC SAFETY SECTION IS MAINTAINED HERE, IT WILL NOT REPEAT NOT BE LOCALLY AN APPENDAGE OF A NON- EXISTANT AID MISSION EVEN THOUGH ITS FUNDING WASHINGTON- WISE WILL COME FROM AID. A SIMILAR CONSIDERATION ALREADY APPLIES TO POPULATION PROGRAM WHICH IS LIKEWISE FUNDED DIRECTLY FROM WASHINGTON. WE BELIEVE PUBLIC SAFETY SHOULD BE CONTINUED AT LEAST THROUGH FY 74 AND THAT DECISION AS TO WHETHER TO CONTINUE PROGRAM BEYOND THAT DATE SHOULD BE DEFERRED UNTIL REVIEW IN LATTER PART OF FY 74. IN ORDER NOT TO PRE- JUDGE RESULTS OF REVIEW, WE CONSIDER THAT FY 75 FUNDS FOR PUBLIC SAFETY SHOULD BE BUDGETED AT SAME LEVEL AS FY 74, SUBJECT, OF COURSE, TO REVISION AFTER REVIEW TAKES PLACE. (SEE TOAID A-31 DATED MAY 31, 1973.) WE AGREE THAT FUNDING FOR PUBLIC SAFETY NARCOTICS ACTIVITIES CONSTITUTES EXCEPTION TO BE DEALT WITH SEPARATELY.

11. PARA NINE (B) - CONCUR WITH DELETION.
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